

INVERNESS TOWNSHIP
CHEBOYGAN COUNTY
AUDITED FINANCIAL STATEMENTS
MARCH 31, 2004

AUDITING PROCEDURES REPORT

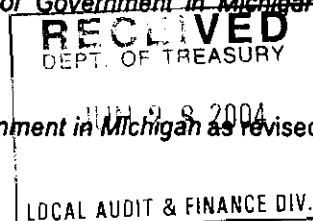
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Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Inverness Township	County Cheboygan
Audit Date March 31, 2004	Opinion Date June 18, 2004	Date Accountant Report Submitted to State: June 25, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.



We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ yes ☐ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) Daniel R. Nieland, C.P.A.			
Street Address 201 South Main Street	City Cheboygan	State MI	ZIP 49721
Accountant Signature <i>Daniel R. Nieland</i>			

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DANIEL R. NIELAND

CERTIFIED PUBLIC ACCOUNTANT

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INDEPENDENT AUDITOR'S REPORT

Township Board
Inverness Township
Cheboygan County
Cheboygan, Michigan 49721

I have audited the accompanying financial statements of Inverness Township of Cheboygan County, Michigan, as of and for the year ended March 31, 2004. These financial statements are the responsibility of the Township Board. My responsibility is to express an opinion on these financial statements based on my audit.

I have conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Inverness Township as of March 31, 2004, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

My audit was made for the purpose of forming an opinion in the financial statements taken as a whole. The accompanying financial information listed as combining and individual fund financial data in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Inverness Township. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.


CERTIFIED PUBLIC ACCOUNTANT

June 18, 2004
Cheboygan, Michigan 49721

GENERAL PURPOSE FINANCIAL STATEMENTS

INVERNESS TOWNSHIP
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
MARCH 31, 2004

<u>ASSETS</u>						
				<u>Fiduciary Fund Types</u>	<u>Account Group</u>	
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service Fund</u>	<u>Trust And Agency</u>	<u>General Fixed Assets</u>	<u>Amount To Be Provided For Long- Term Debt</u>
ASSETS:						
Cash	\$751,123	\$211,612	\$186,225	\$1,577	\$	\$
Taxes Receivable	15,321		1,793			
Land					28,250	
Buildings					182,934	
Machinery and Equipment					118,991	
Fire Fighting Equipment and Vehicles					532,581	
Infrastructure					3,128,942	
Amount To Be Provided For Long-Term Debt						3,128,942
Due From Other Funds		66,774				
Due From Other Governmental Units		22,942				
TOTAL ASSETS	<u>\$766,444</u>	<u>\$301,328</u>	<u>\$188,018</u>	<u>\$1,577</u>	<u>\$3,991,698</u>	<u>\$3,128,942</u>
<u>LIABILITIES AND FUND EQUITY</u>						
LIABILITIES:						
Accounts Payable	\$ 9,401	\$ 1,048	\$ 11,559	\$	\$	\$
Due Other Funds	66,774			1,577		
Long-Term Liability Sewer						3,128,942
TOTAL LIABILITIES	76,175	1,048	11,559	1,577	-0-	3,128,942
FUND EQUITY:						
Investment in General Fixed Assets					3,991,698	
Fund Balance:						
Unreserved - Undesignated	690,269	223,115	176,459			
Reserved - Designated		77,165				
TOTAL FUND EQUITY	<u>690,269</u>	<u>300,280</u>	<u>176,459</u>	<u>-0-</u>	<u>3,991,698</u>	<u>-0-</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$766,444</u>	<u>\$301,328</u>	<u>\$188,018</u>	<u>\$1,577</u>	<u>\$3,991,698</u>	<u>\$3,128,942</u>

See notes to the financial statements.

INVERNESS TOWNSHIP
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 ALL GOVERNMENTAL FUND TYPES
 YEAR ENDED MARCH 31, 2004

	<u>GOVERNMENTAL FUND TYPES</u>	
	<u>General</u>	<u>Special Revenue</u>
REVENUES:		
Taxes	\$166,074	\$ 26,217
State Shared Revenues	135,257	1,294
Charges for Services	20,726	35,532
Interest and Rentals	14,376	4,425
Miscellaneous	6,450	2,817
Contributions From Local Governments		13,725
	<hr/>	<hr/>
TOTAL REVENUE	342,883	84,010
EXPENDITURES:		
Legislative	26,478	
Executive	10,254	
General Services Administration	73,822	
Law Enforcement		2,071
Fire		69,708
Highways and Streets	130,904	3,797
Sanitation	38,998	
Other	5,120	
Public Works	12,815	38
	<hr/>	<hr/>
TOTAL EXPENDITURES	298,391	75,614
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	44,492	8,396
OTHER FINANCING SOURCES (USES):		
Operating Transfers In		66,774
Operating Transfers (Out)	(66,774)	
	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES (USES)	(66,774)	66,774
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	(22,282)	75,170
FUND BALANCES - BEGINNING OF YEAR	712,551	225,110
	<hr/>	<hr/>
FUND BALANCES - END OF YEAR	\$690,269	\$300,280
	<hr/>	<hr/>

See notes to the financial statements.

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INVERNESS TOWNSHIP
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS
YEAR ENDED MARCH 31, 2004

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:						
Taxes	\$160,100	\$166,074	\$ 5,974	\$ 21,500	26,217	\$ 4,717
State Shared Revenues	110,400	135,257	24,857	1,300	1,294	(6)
Charges for Services	15,200	20,726	5,526	33,660	35,532	1,872
Interest and Rentals	12,500	14,376	1,876	2,200	4,425	2,225
Miscellaneous	1,300	6,450	5,150		2,817	2,817
Contributions From Local Governments				13,725	13,725	
TOTAL REVENUES	299,500	342,883	43,383	72,385	84,010	11,625
EXPENDITURES:						
Legislative	33,550	26,478	7,072			
Executive	11,250	10,254	996			
General Services						
Administration	83,000	73,822	9,178			
Law Enforcement				2,900	2,071	829
Fire				77,427	69,708	7,719
Highways and Streets	380,000	130,904	249,096	3,850	3,797	53
Sanitation	42,800	38,998	3,802			
Other	6,000	5,120	880			
Public Works	9,000	12,815	(3,815)	400	38	362
TOTAL EXPENDITURES	565,600	298,391	267,209	84,577	75,614	8,963
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES (266,100)		44,492	310,592	(12,192)	8,396	20,588
OTHER FINANCING SOURCES:						
Operating Transfers In				41,968	66,774	24,806
Other Transfers (Out) (67,000)		(66,774)	226			
TOTAL OTHER FINANCIAL SOURCES (USES) (67,000)		(66,774)	226	41,968	66,774	24,806
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES) (\$333,100)		(22,282)	\$310,818	\$ 29,776	75,170	\$ 45,394
FUND BALANCES						
APRIL 1, 2003		712,551			225,110	
FUND BALANCES						
MARCH 31, 2004		\$690,269			\$300,280	

See notes to the financial statements.

INVERNESS TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

NOTE A - FINANCIAL REPORTING ENTITY

For financial reporting purposes, in conformance with NCGA Statement 3, the Township includes all funds and account groups that are controlled by or dependent on the Township's executive or legislative branches (the Township Board). Control by or dependence on the Township was determined on the basis of budget adoption, tax authority, outstanding debt secured by revenues or general obligations of the Township, obligations of the Township to finance any deficits that may occur, or receipts of significant subsidies from the Township.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Inverness Township conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

Fund Accounting

The accounts of the Township are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. The various funds are grouped in the financial statements in this report into the following fund types and broad fund categories:

GOVERNMENTAL FUNDS:

General Fund

The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Funds

Debt service funds are used to account for funds pledged to service debt obligations of the Township.

FIDUCIARY FUNDS:

Trust and Agency Funds

Trust and Agency Funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

INVERNESS TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ACCOUNT GROUPS:

General Fixed Assets Account Group

This account group presents the fixed assets of the Township utilized in its general operations (non-proprietary fixed assets).

Fixed Assets

Fixed assets used in governmental type operations (general fixed assets) are accounted for in the General Fixed Assets Group of Accounts, rather than in governmental funds. Certain governmental improvements, including roads, sidewalks, curbs, and gutters are not capitalized. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair values at the date donated.

Basis of Accounting

All governmental funds are accounted for using the modified accrual basis of accounting. Modifications in such a method from the accrual basis of accounting are as follows:

1. Property taxes and other revenues that are both measurable and available for use to finance operations are recognized as revenue when earned. All other revenue is recognized when received.

Properties were assessed as of December 31, 2002, and the related property taxes become a lien on December 1, 2003. Property taxes were due on February 14, 2004, and those unpaid at February 28, 2004, were added to the County tax rolls.

The delinquent real property taxes of the Township are purchased by Cheboygan County. The County intends to sell tax bonds to the State, the proceeds of which will be used to pay the Township for these property taxes. It is expected this will take place in June 2004. These taxes have been recorded as revenue in the current year.

2. Payment of inventoriable types of supplies are recorded as expenditures at the time of purchase.
3. Normally, expenditures are not divided between years by the recording of prepaid expenses.

INVERNESS TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Interfund Transactions

During the course of normal operations, the Township has various transactions between funds, including expenditures and transfers of resources to provide services. The accompanying financial statements reflect such transactions as operating transfers.

5. Vacation and Sick Leave

The Township has no liability for accumulated vacation or sick leave at March 31, 2004.

6. Budgets

All governmental funds are under formal budgetary control. Budgets shown in the financial statements as "GAAP Basis" are adopted on a basis consistent with generally accepted accounting principles (GAAP) and are not significantly different from the modified accrual basis used to reflect actual results, and consist only of those amounts contained in the formal budget and amended by the Township Board.

7. Reserves

Portions of fund equity are segregated for future use, and are therefore, not considered available for future appropriation or expenditures. Amounts reserved represent portions of fund balance either not appropriate for expenditure or which is legally segregated for a specific future use.

NOTE C - PROPERTY AND EQUIPMENT - GENERAL FIXED ASSETS

The components of the General Fixed Assets Group of Accounts are summarized as follows:

	Balance 3-31-2002	Additions 3-31-2003	Additions 3-31-2004	Balance 3-31-2004
Land	\$ 28,250	\$	\$	\$ 28,250
Buildings	182,934			182,934
Machinery and Equip.	118,771	220		118,991
Fire Fighting Equip. and Vehicles	516,509	3,293	12,779	532,581
Infrastructure			3,128,942	3,128,942
Investment In General Fixed Assets	<u>\$846,464</u>	<u>\$3,513</u>	<u>\$3,141,721</u>	<u>\$3,991,698</u>

NOTE D - BUDGET COMPLIANCE

P. A. 621 of 1978, Section 18 (1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

INVERNESS TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

NOTE H - RESERVES - DESIGNATE FUND BALANCES

Reserved designated fund balances are earmarked as follows:

Special Revenue - Fire Department - Reserved fund balance represents funds earmarked for equipment replacement.

Street Lighting - Reserved for special assessment utility expenditures.

NOTE I - INVERNESS JOINT FIRE BOARD

The Inverness Township Fire Department was organized for control of day to day operations into a Joint Administrative Fire Board. The Board operates with officials appointed by the four different Townships involved. Because Inverness Township is the largest contributor and guarantor, and because the Township retains budgetary control and veto power the special revenue section of these financial statements reflect all activity of the Fire Board.

NOTE J - INTERFUND TRANSFERS

The following summarizes interfund transfers:

	<u>General</u>	<u>Fire</u>
Transfer In	\$	\$ 66,774
Transfer Out	<u>(66,774)</u>	<u> </u>
Totals	<u><u>\$(66,774)</u></u>	<u><u>\$ 66,774</u></u>

NOTE K - PENSION PLAN

Inverness Township contributes to the Inverness Township Pension Plan, which is a defined contribution pension plan. A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participants' benefits that may be allocated to such participant's account. All township employees participate in the plan from the date they are hired or elected. All contributions are subject to 100% vesting. An employee who leaves the employment of the Township is entitled to his or her contributions and the Township's contribution because of 100% vesting.

INVERNESS TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

NOTE K - PENSION PLAN (CONTINUED)

Each employee contributes 7% of their gross earnings to the plan. The Township is required to contribute an amount equal to 7% of gross earnings.

During the year, the Township's required actual contributions amounted to \$10,324. Employees required and actual contributions amounted to \$5,162.

No pension provision changes occurred during the year that affected the required contributions to be made by the Township or its employees.

The plan held no securities of the Township or other related parties during the year or as of the close of the fiscal year.

NOTE L - IMPLEMENTATION OF GASB STATEMENT NUMBER 34

The Governmental Accounting Standards Board (GASB) issued Statement No. 34 in July 1999. This statement requires basic changes in financial statements. The implementation date for the Inverness Township is for periods beginning after June 14, 2003. Further, the Michigan Committee on Governmental Accounting And Auditing Statement No. 7 gives local units the option not to adopt GASB No. 34 in its entirety. The Township will implement for its next required audit.

NOTE M - SEWER PROJECT

The Township sewer project in their D.D.A. district along the North Straits Highway corridor was nearly completed during the year. Funding is provided by a U.S. Rural Development loan (see Note N). Loan repayment is from user fees and tax increment financing. The Township sewer system is serviced by the City of Cheboygan which bills customers directly for their services.

NOTE N - LONG-TERM DEBT SEWER

The sewer project is being financed by a United States Department of Agriculture Rural Development loan. The total approved principal is \$3,419,000. As of March 31, 2004, total principal disbursement amounted to \$3,128,942. Interest through March 31, 2004, was capitalized as part of project cost. Final loan draws are anticipated during the summer of 2004. The loan is to be repaid over a thirty-eight year period with principal repayment according to the schedule below and interest at 4.625% per annum. These bonds while issued by the County of Cheboygan, are guaranteed by the full faith and credit of the Township.

INVERNESS TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

NOTE N - LONG-TERM DEBT SEWER (CONTINUED)

Principal repayment schedule:

<u>Year</u>	<u>Principal Amount</u>
2004	\$ 34,000
2005	40,000
2006	45,000
2007	50,000
2008	55,000
2009	60,000
2010	65,000
2011	70,000
2012	75,000
2013	80,000
2014	85,000
2015	90,000
2016 - 2021	95,000
2022 - 2042	100,000

COMBINING INDIVIDUAL FUND
FINANCIAL STATEMENTS

GENERAL FUND

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INVERNESS TOWNSHIP
GENERAL FUND
STATEMENT OF APPROPRIATIONS, REVENUES AND TRANSFERS - BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2004

	<u>Budget</u>	<u>Actual</u>
REVENUES:		
Taxes:		
Current Property Tax	\$140,100	\$145,399
Payment of Lieu of Tax - Trailer Fees		83
Property Tax Administration Fees	<u>20,000</u>	<u>20,592</u>
Total Taxes	<u>160,100</u>	<u>166,074</u>
State Shared Revenues	<u>110,400</u>	<u>135,257</u>
Charges for Services:		
Sales - Cemetery Lots and Other	200	300
Dump Tickets	15,000	17,622
Other		<u>2,804</u>
Total Charges for Services	<u>15,200</u>	<u>20,726</u>
Interest	<u>6,500</u>	<u>7,351</u>
Miscellaneous	<u>1,300</u>	<u>6,450</u>
Rent	<u>6,000</u>	<u>7,025</u>
TOTAL REVENUES	<u>\$299,500</u>	<u>\$342,883</u>

See notes to the financial statements.

INVERNESS TOWNSHIP
GENERAL FUND
STATEMENT OF APPROPRIATIONS, EXPENDITURES AND TRANSFERS - BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2004

	<u>Budget</u>	<u>Actual</u>
EXPENDITURES:		
General Government:		
Township Board	\$ 33,550	\$ 26,478
Supervisor	11,250	10,254
Clerk	16,900	14,684
Board of Review	3,300	3,197
Elections	4,500	
Treasurer	13,000	17,859
Cemetery	3,650	3,440
Assessor	21,550	20,590
Township Hall	15,100	12,007
Township Property - Other	<u>5,000</u>	<u>2,045</u>
Total General Government	<u>127,800</u>	<u>110,554</u>
Highways and Streets	<u>380,000</u>	<u>130,904</u>
Sanitation	<u>42,800</u>	<u>38,998</u>
Public Works	<u>9,000</u>	<u>12,815</u>
Other Functions:		
Insurance	<u>6,000</u>	<u>5,120</u>
TOTAL EXPENDITURES	565,600	298,391
TRANSFERS TO OTHER FUNDS:		
Fire Fund	<u>67,000</u>	<u>66,774</u>
TOTAL EXPENDITURES AND TRANSFERS	<u>\$632,600</u>	<u>\$365,165</u>

INVERNESS TOWNSHIP
GENERAL FUND
STATEMENT OF DETAILED EXPENDITURES AND TRANSFERS
YEAR ENDED MARCH 31, 2004

EXPENDITURES:

Legislative:

Township Board:

Wages	\$ 12,659	
Office Supplies	31	
Professional Services	5,087	
Printing and Publishing	1,174	
Membership and Dues	1,455	
Pension	4,991	
Payroll Taxes	933	
Miscellaneous	7	
Transportation	<u>141</u>	\$ 26,478

Executive:

Supervisor:

Salary - Supervisor	10,000	
Office Supplies	98	
Transportation and Travel	36	
Education	<u>120</u>	10,254

General Services Administration:

Clerk:

Salary - Clerk	11,500	
Office Supplies	2,505	
Communication	380	
Education and Training	145	
Repair and Maintenance	<u>154</u>	14,684

Board of Review:

Wages	2,578	
Printing and Publishing	361	
Transportation	25	
Education	215	
Supplies	<u>18</u>	3,197

Treasurer:

Salary	16,517	
Office Supplies	707	
Professional Fees	<u>635</u>	17,859

Cemetery:

Repairs and Maintenance	423	
Contracted Services	2,700	
Insurance	<u>317</u>	3,440

INVERNESS TOWNSHIP
GENERAL FUND
STATEMENT OF DETAILED EXPENDITURES AND TRANSFERS
YEAR ENDED MARCH 31, 2004

EXPENDITURES: (CONTINUED)

General Services Administration:

Assessor:

Salary	\$ 19,500	
Contract Services	890	
Supplies	<u>200</u>	\$ 20,590

Township Hall:

Wages	3,917	
Repairs and Maintenance	1,480	
Supplies	659	
Utilities	3,867	
Contracted Services	1,315	
Insurance	598	
Capital Outlay	<u>171</u>	12,007

Beaches:

Salaries	141	
Insurance	793	
Repair and Maintenance	989	
Supplies	<u>122</u>	2,045

Total General Services Administration		110,554
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Highways and Streets:

Highways, Streets and Bridges:

Roads	\$129,945	
Utilities	<u>959</u>	130,904

Sanitation:

Sanitary Landfill:

Salaries	4,968	
Supplies	41	
Contracted Services	27,320	
Insurance	554	
Printing and Publishing	435	
Utilities	1,648	
Maintenance	<u>4,032</u>	38,998

Public Works:

Sewer Project	<u>12,815</u>	12,815
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Other Functions:

Insurance	<u>5,120</u>	5,120
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TOTAL EXPENDITURES		298,391
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TRANSFERS:

Fire Fund	<u>66,774</u>	66,774
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TOTAL EXPENDITURES AND TRANSFERS		<u>\$365,165</u>
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See notes to the financial statements.

SPECIAL REVENUE FUNDS

INVERNESS TOWNSHIP
COMBINING BALANCE SHEET
ALL SPECIAL REVENUE FUNDS
MARCH 31, 2004

ASSETS

	<u>Liquor Law Enforcement</u>	<u>Fire Department</u>	<u>Street Lighting</u>	<u>D.D.A. Fund</u>	<u>Total</u>
ASSETS:					
Cash	\$ 2,731	\$171,046	\$ 1,673	\$ 36,162	\$211,612
Due From Other Funds		66,774			66,774
Due From Other Governmental Units				22,942	22,942
TOTAL ASSETS	<u>\$ 2,731</u>	<u>\$237,820</u>	<u>\$ 1,673</u>	<u>\$ 59,104</u>	<u>\$301,328</u>
LIABILITIES:					
Accounts Payable	\$ 271	\$ 483	\$ 294	\$	\$ 1,048
TOTAL LIABILITIES	271	483	294	-0-	1,048
FUND EQUITY:					
Unreserved - Undesignated	2,460	161,551		59,104	223,115
Reserved - Designated		75,786	1,379		77,165
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 2,731</u>	<u>\$237,820</u>	<u>\$ 1,673</u>	<u>\$ 59,104</u>	<u>\$301,328</u>

See notes to the financial statements.

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INVERNESS TOWNSHIP
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ALL SPECIAL REVENUE FUNDS
YEAR ENDED MARCH 31, 2004

	<u>Liquor Law Enforcement</u>	<u>Fire Department</u>	<u>Street Lighting</u>	<u>D.D.A. Fund</u>	<u>Total</u>
REVENUES:					
State Shared Revenue	\$ 1,294	\$	\$	\$	\$ 1,294
Charges for Services		35,532			35,532
Interest		4,117		308	4,425
Miscellaneous		2,817			2,817
Contributions From Local Governments		13,725			13,725
Taxes			3,275	22,942	26,217
TOTAL REVENUES	<u>1,294</u>	<u>56,191</u>	<u>3,275</u>	<u>23,250</u>	<u>84,010</u>
EXPENDITURES:					
Current:					
Public Works				38	38
Law Enforcement	2,071				2,071
Fire		69,708			69,708
Streets and Highways			3,797		3,797
TOTAL EXPENDITURES	<u>2,071</u>	<u>69,708</u>	<u>3,797</u>	<u>38</u>	<u>75,614</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(777)	(13,517)	(522)	23,212	8,396
OTHER FINANCING SOURCES (USES):					
Operating Transfers In		66,774			66,774
TOTAL OTHER FINANCING SOURCES (USES)	<u>-0-</u>	<u>66,774</u>	<u>-0-</u>	<u>-0-</u>	<u>66,774</u>
EXCESS OF REVENUES AND OTHER SOURCES (UNDER) EXPENDITURES AND OTHER (USES)	(777)	53,257	(522)	23,212	75,170
FUND BALANCE - BEGINNING OF YEAR	<u>3,237</u>	<u>184,080</u>	<u>1,901</u>	<u>35,892</u>	<u>225,110</u>
FUND BALANCE - END OF YEAR	<u>\$ 2,460</u>	<u>\$237,337</u>	<u>\$ 1,379</u>	<u>\$ 59,104</u>	<u>\$300,280</u>

See notes to the financial statements.

FIRE DEPARTMENT FUND

INVERNESS TOWNSHIP
BALANCE SHEET
FIRE DEPARTMENT FUND
MARCH 31, 2004

<u>ASSETS</u>	
ASSETS:	
Cash	\$171,046
Due From Other Funds	<u>66,774</u>
TOTAL ASSETS	<u>\$237,820</u>
 <u>LIABILITIES AND FUND BALANCE</u>	
LIABILITIES:	
Accounts Payable	\$ 483
TOTAL LIABILITIES	483
FUND EQUITY:	
Unreserved:	
Undesignated	161,551
Reserved:	
Designated	<u>75,786</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$237,820</u>

See notes to the financial statements.

INVERNESS TOWNSHIP
FIRE DEPARTMENT FUND
STATEMENT OF DETAILED REVENUES, EXPENDITURES AND TRANSFERS
BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES:			
Charges For Services	\$ 33,660	\$ 35,532	\$ 1,872
Interest Income	1,800	4,117	2,318
Miscellaneous		2,817	2,818
Contributions From Local Governments		<u>13,725</u>	<u>13,725</u>
TOTAL REVENUES	<u>35,460</u>	<u>56,191</u>	<u>20,731</u>
EXPENDITURES:			
Wages - Firemen and Board	26,000	21,637	4,363
Payroll Taxes	2,500	1,655	845
Operating Supplies	600	409	191
Repairs and Maintenance	10,800	10,219	581
Insurance	15,000	14,118	882
Utilities	5,000	4,630	370
Dues and Memberships	500	1,158	(658)
Capital Outlay	12,700	12,964	(264)
Miscellaneous	1,877	1,137	740
Office Expense	500	1,016	(516)
Mileage and Travel	800	433	367
Professional Services	1,000		1,000
Printing and Publishing	<u>150</u>	<u>332</u>	<u>(182)</u>
TOTAL EXPENDITURES	<u>77,427</u>	<u>69,708</u>	<u>7,719</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	(41,967)	(13,517)	28,450
OTHER FINANCING SOURCES:			
Operating Transfers In	<u>41,968</u>	<u>66,774</u>	<u>24,806</u>
TOTAL OTHER FINANCING SOURCES	<u>41,968</u>	<u>66,774</u>	<u>24,806</u>
EXCESS OF REVENUES AND OTHER SOURCES (UNDER) EXPENDITURES	<u>\$ 1</u>	53,257	<u>\$ 53,256</u>
FUND BALANCES - BEGINNING OF YEAR		<u>184,080</u>	
FUND BALANCES - END OF YEAR		<u>\$237,337</u>	

See notes to the financial statements.

LIQUOR LAW ENFORCEMENT FUND

INVERNESS TOWNSHIP
BALANCE SHEET
LIQUOR LAW ENFORCEMENT FUND
MARCH 31, 2004

ASSETS

Cash	<u>\$ 2,731</u>
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LIABILITIES AND FUND BALANCE

LIABILITIES:

Accounts Payable	<u>\$ 271</u>
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TOTAL LIABILITIES	271
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Unreserved:

Undesignated	<u>2,460</u>
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TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 2,731</u>
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INVERNESS TOWNSHIP
 LIQUOR LAW ENFORCEMENT
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 MARCH 31, 2004

	<u>Budget</u>	<u>Actual</u>
REVENUES:		
State Shared Revenue	\$ 1,300	\$ 1,294
TOTAL REVENUE	<u>1,300</u>	<u>1,294</u>
EXPENDITURES:		
Law Enforcement:		
Wages and Salaries	<u>2,900</u>	<u>2,071</u>
TOTAL EXPENDITURES	<u>2,900</u>	<u>2,071</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ (1,600)</u>	(777)
FUND BALANCE - BEGINNING OF YEAR		<u>3,237</u>
FUND BALANCE - END OF YEAR		<u>\$ 2,460</u>

See notes to the financial statements.

STREET LIGHTING FUND

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INVERNESS TOWNSHIP
BALANCE SHEET
STREET LIGHTING FUND
MARCH 31, 2004

ASSETS

Cash \$ 1,673

LIABILITIES AND FUND EQUITY

Accounts Payable \$ 294

TOTAL LIABILITIES 294

Reserved:
Designated 1,379

TOTAL LIABILITIES AND FUND EQUITY \$ 1,673

See notes to the financial statements.

INVERNESS TOWNSHIP
 STREET LIGHTING FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 YEAR ENDED MARCH 31, 2004

	<u>Budget</u>	<u>Actual</u>
REVENUE:		
Taxes	\$ 3,500	\$ 3,275
TOTAL REVENUE	<u>3,500</u>	<u>3,275</u>
EXPENDITURES:		
General Services Administration:		
Streets and Highways	<u>3,850</u>	<u>3,797</u>
TOTAL EXPENDITURES	<u>3,850</u>	<u>3,797</u>
EXCESS OF EXPENDITURES OVER REVENUE	<u>\$ (350)</u>	(522)
FUND BALANCE - BEGINNING OF YEAR		<u>1,901</u>
FUND BALANCE - END OF YEAR		<u>\$ 1,379</u>

See notes to the financial statements.

D. D. A. FUND

INVERNESS TOWNSHIP
BALANCE SHEET
D. D. A. FUND
MARCH 31, 2004

ASSETS

ASSETS:

Cash in Bank	\$ 36,162
Due From Other Governments	<u>22,942</u>
TOTAL ASSETS	<u>\$ 59,104</u>

LIABILITIES AND FUND EQUITY

LIABILITIES:

Accounts Payable	\$ <u>-0-</u>
TOTAL LIABILITIES	-0-

FUND EQUITY:

Unreserved:	
Undesignated	<u>59,104</u>

TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 59,104</u>
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See notes to the financial statements.

INVERNESS TOWNSHIP
D. D. A. FUND
STATEMENT OF REVENUES, EXPENDITURES AND TRANSFERS
BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2004

	<u>Budget</u>	<u>Actual</u>
REVENUES:		
Taxes	\$ 18,000	\$ 22,942
Interest	<u>400</u>	<u>308</u>
TOTAL REVENUE	<u>18,400</u>	<u>23,250</u>
EXPENDITURES:		
Public Works	<u>400</u>	<u>38</u>
TOTAL EXPENDITURES	<u>400</u>	<u>38</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 18,000</u>	23,212
FUND BALANCE - BEGINNING OF YEAR		<u>35,892</u>
FUND BALANCE - END OF YEAR		<u>\$ 59,104</u>

See notes to the financial statements.

DEBT SERVICE FUND - SEWER

INVERNESS TOWNSHIP
DEBT SERVICE FUND - SEWER
BALANCE SHEET
MARCH 31, 2004

ASSETS

Cash	\$186,225
Special Assessments Receivable	<u>1,793</u>
TOTAL ASSETS	<u>\$188,018</u>

LIABILITIES AND FUND BALANCE

LIABILITIES:	
Interest Payable	\$ 11,559
TOTAL LIABILITIES	11,559
FUND EQUITY:	
Reserved:	
Designated	<u>176,459</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$188,018</u>

See notes to the financial statements.

INVERNESS TOWNSHIP
 DEBT SERVICE FUND - SEWER
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
 BUDGET AND ACTUAL
 MARCH 31, 2004

	<u>Budget</u>	<u>Actual</u>
REVENUES:		
Special Assessments	\$ 45,000	\$187,689
Interest	<u>500</u>	<u>329</u>
TOTAL REVENUES	45,500	188,018
EXPENDITURES:		
Interest	<u>104,000</u>	<u>11,559</u>
TOTAL EXPENDITURES	<u>104,000</u>	<u>11,559</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u><u>\$(58,500)</u></u>	176,459
FUND BALANCE - BEGINNING OF YEAR		<u>-0-</u>
FUND BALANCE - END OF YEAR		<u><u>\$176,459</u></u>

INVERNESS TOWNSHIP
AMOUNTS TO BE PROVIDED FOR LONG-TERM DEBT
MARCH 31, 2004

Amount To Be Provided For Long-Term Debt	<u>\$3,128,942</u>
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Long-Term Liability Due - Sewer	<u>\$3,128,942</u>
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See notes to the financial statements.

CURRENT TAX COLLECTION FUND

INVERNESS TOWNSHIP
CURRENT TAX COLLECTION FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
YEAR ENDED MARCH 31, 2004

	<u>Balance</u> <u>4-01-03</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>3-31-04</u>
ASSETS:				
Cash	<u>\$1,828</u>	<u>\$1,915,342</u>	<u>\$1,915,593</u>	<u>\$1,577</u>
LIABILITIES:				
Due To Other Funds	\$1,828	\$ 150,544	\$ 150,795	\$1,577
Due To County		388,027	388,027	
Due To Schools		820,675	820,675	
Due To Intermediate Schools		116,722	116,722	
Due To State Education Tax		343,328	343,328	
Due To Library		46,345	46,345	
Refund Of Over- Payments		1,719	1,719	
Sewer Assessments	<u> </u>	<u>47,982</u>	<u>47,982</u>	<u> </u>
	<u>\$1,828</u>	<u>\$1,915,342</u>	<u>\$1,915,593</u>	<u>\$1,577</u>

See notes to the financial statements.

OTHER

DANIEL R. NIELAND

CERTIFIED PUBLIC ACCOUNTANT

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FAX: (231) 627-6594

MEMBER
AMERICAN INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS
AND
MICHIGAN ASSOCIATION OF CERTIFIED
PUBLIC ACCOUNTANTS

June 18, 2004

Township Board
Inverness Township
Cheboygan County
Cheboygan, Michigan 49721

Re: Comments and Recommendations

I have examined the general purpose financial statements of Inverness Township, Cheboygan County, for the year ended March 31, 2004, and have issued my report thereon dated June 18, 2004.

My examination was made in accordance with generally accepted auditing standards and the standards for financial and compliance audits contained in the U.S. General Accounting Office "Standards for Audit of Governmental Organizations, Programs, Activities, and Functions." Solely to assist in planning and performing my examination, made a study and evaluation of the internal accounting control of Inverness Township, Cheboygan County. That study and evaluation was limited to a preliminary review of the system to obtain an understanding of the control environment and the flow of transactions through the accounting system. Because I am not relying on the entity's internal accounting control procedures to restrict my substantive tests, my study and evaluation of the internal accounting controls did not extend beyond this preliminary review phase. Accordingly, I do not express an opinion on the system of internal accounting control taken as a whole. Also, my examination made in accordance with the standards mentioned above, would not necessarily disclose material weaknesses in the system of the internal accounting control.

This report and accompanying recommendations are intended solely for the use of management and should not be used for any other purpose.

1. The general ledger, as prepared by Mrs. Beethem, was in good shape with exception of reversing entries from the prior audit. I would recommend that Mrs. Beethem come into my office as necessary for assistance with closing entries or adjustments.
2. The Clerk needs to periodically either monthly or quarterly reconcile general ledger cash accounts with the Treasurer's balances for cash. This procedure will insure a more accurate general ledger balance.

Inverness Township

Page 2

June 18, 2004

I would like to thank Mrs. Beethem and Mr. Maxwell for their assistance during the audit. I found the Township to be in very sound financial condition; which is a tribute to the present and past boards and officers. I look forward to working with your Township in the future.

Sincerely,



Daniel R. Nieland, C.P.A.

DRN/jb